

## BOARD OF COMMUNITY HEALTH

February 11, 2004

The Board of Community Health held its regularly scheduled meeting in the Empire Room, 20<sup>th</sup> Floor, West Tower, Twin Towers Building, 200 Piedmont Avenue, Atlanta, Georgia. Board members attending were Carol Fullerton, Chairman; Richard Holmes, Vice Chairman; Frank Rossiter, M.D., Secretary; Joyce Blevins; Lloyd Eckberg; Kent (Kip) Plowman; Stephanie Kong, M.D.; and, Commissioner Tim Burgess. (A List of Attendees and Agenda are attached hereto and made official parts of these Minutes as Attachments #1 and #2.)

Ms. Fullerton called the meeting to order at 10:15 a.m. The Minutes of the January 14 meeting were UNANIMOUSLY APPROVED AND ADOPTED.

Commissioner Burgess began his report with an update on the Department's Settlement Agreement with ACS. The Agreement will resolve issues that were raised during a two-to-three month mediation period. The Department is waiting to sign a final agreement. According to this Settlement, ACS will pay the Department \$10 million. The Department will set aside \$4 million in an account to be paid to ACS pending the completion of Phase I. \$11.9 million will be set aside in an Escrow Account to be paid out after the system is certified by CMS. The Certification Review by CMS will be done in the near future. Implementation of Phase II by ACS has been cancelled. In lieu of this cancellation, the Department is in the process of extending its contract with Blue Cross Blue Shield for the State Health Benefit Plan and Board of Regents claims' payments.

After questions and comments from the Board, Commissioner Burgess called on Carie Summers, Chief Financial Officer, to give an update on the FY 2004 and 2005 Budget. The Department's FY 2004 Budget is in Committee in the House. Ms. Summers brought to the Board's attention the following Governor's Recommendations for the FY 2005 Budget Reductions: 1.) Reduce Price – a.) Reduction in Nursing Home Costs (the Governor recommended offsetting a state fund cut to nursing home provider reimbursement with additional nursing home provider fees collected), b.) Reduction in Physician Rates (the Governor did not recommend reducing physician rates), c.) Reduction in Pharmacy Costs – (the Governor's recommendation reflects increasing the Average Wholesale Price (AWP) discount from 10% to 12%); d.) Eliminate the incentive for dispensing generic drugs (the Governor recommended eliminating the incentive for dispensing generic drugs, except in situations where the pharmacist, via consultation with the prescribing physician, converts a written prescription from a brand to a generic status) and, e.) Require additional cost sharing by Medicaid members – (the Governor recommended requiring non-custodial parents with access to health insurance to provide coverage for their children currently insured by Medicaid and implementing a premium payment structure based on income for members covered by PeachCare); 2.) Limiting Scope of Services – a.) Eliminate Optional Services in Medicaid and PeachCare – The Governor did not recommend the elimination of the Psychology and Podiatry programs and, b.) Eliminate PeachCare Services – The Governor did not recommend the elimination of the Dental and Vision programs; and, 4.) Eligibility Reductions – The Governor did not recommend eliminating coverage for PeachCare members whose incomes exceed 200% of the federal poverty level and implement administrative policy changes.

Ms. Summers stated the Governor did recommend funding for the following Administration Reductions/Adjustments – 1.) reduce various operating expenses in Health Care Regulation and Licensing Program; 2.) reduce various operating expenses in Health Care Access and Improvement Program; 3.) eliminate three positions in the Health Care Regulation and Licensing (Certificate of Need Program); and, 4.) eliminate the Health Care Workforce Policy Advisory Committee including one position. The Governor did not recommend funding for the: 1.) Georgia Board for Physician Workforce - Elimination of funds for the Southern Regional Education Board and reinstatement of reductions for Mercer University School of Medicine, Morehouse School of Medicine, Medical Student Capitation, Family Practice Residency Capitation, Residency Capitation, Pediatric Residency Capitation and Preventive Medicine

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Capitation; and 2.) State Medical Education Board - Reduction in funding for Medical Scholarships, Reinstatement of funding for the Medical Fair, Loan Repayment Program, and Medical Scholarships and Increase Real Estate Rental.

Ms. Summers stated that she will present a detailed report on the financial status of the State Health Benefit Plan (SHBP) at the March 10 meeting. The Department is anticipating deficits for FY 2005. The Governor has made the following recommendations for the SHBP: 1.) Choice of drug benefits in the PPO and Indemnity and there will be two formularies; 2.) Maximum out-of-pocket costs as it relates to pharmacy expenses; 3.) Price changes as it relates to the pharmacy areas, such as the increase in AWP discount up to 14%; 4.) Premium increases for the PPO and Indemnity should not exceed 10%; and, 5.) A contract review of the Pharmacy Benefit Manager is being proposed. In order to achieve the revenues needed for the SHBP in FY 2005, the Department will use one month of its two-month reserves. (The FY 2005 Budget Reductions Handout is attached hereto and made an official part of these Minutes as Attachment #3.)

Ms. Summers briefed the Board on the Department's Recoupment Strategy for the prospective payments that have been made to providers since April 1, 2003. The Department has been recouping monies from providers at a 10% level, but will implement a new strategy for the remainder of FY 2004. The Department's cash position has to be improved by March. Effective the week of February 9, the Department implemented a two-phase strategy to address its cash position: 1.) Mass Adjustments – claims processed in April, May and June 2003 will be reprocessed by June 2004; and, 2.) Weekly Recoupment – from the provider's outstanding prospective payment amounts, the Department will recoup 1/12 of the balance or 50% of the provider's claims. Extensions will be given to providers on a case-by-case basis. This situation will be reassessed in May. The Department will need to recoup \$400 to \$450 million to get the Department through June 30. After questions and comments from the Board, Ms. Summers concluded the update.

Commissioner Burgess called on John Upchurch, Plan Management Director, to update the Board on the status of the State Health Benefit Plan. He stated that pharmacy continues to be a significant cost driver for the plan. The Department is working with the Pharmacy Benefit Manager. The SHBP members get an average of 18 prescriptions per year, which is not the industry standard. There will be two new drug options for the PPO and Indemnity plans. A detailed report will be presented at the March 10 meeting.

Laura Jones, Director, Legislative & External Affairs, gave the Legislative Update. Ms. Jones brought to the Board's attention the following bills that the Department is tracking: Senate Bill 422 (regarding personal care homes); Senate Bill 447 (regarding prior authorization on mental health drugs), House Bill 1061 (requirement of the Public Service Commission to set a maximum manufacturer's price schedule for all patented prescription drugs sold in Georgia), House Bill 1220 (prohibits prior authorization on all drugs subject to the maximum manufacturers' price schedule as established by the Public Service Commission), House Bill 791 (regarding ambulatory surgical centers), and House Bill 1330 (creates a Task Force on Health Insurance Mandates). After questions and comments from the Board, Ms. Jones concluded the update.

Commissioner Burgess called on Mark Trail, Chief, Medical Assistance Plans, to give an overview of the Katie Beckett Premium Payments Public Notice for Board approval. Mr. Trail stated the Department is proposing a Subsection 1115 (a) demonstration waiver to impose cost sharing requirements on children age 18 and under who would otherwise be eligible for Medicaid under Subsection 134 of the Tax Equity

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and Fiscal Responsibility Act of 1985 ("TEFRA"). The cost sharing requirements would be scaled premiums based on the custodial parent(s) income as reported on most recent return, adjusted gross income and allowed deductions. Families with more than one child on Katie Beckett will only pay one premium. The collection methodology will use the Department's current PeachCare vendor (DHACS) and require one of two methods (monthly bank draft or quarterly advance payments). The following revision was made: *"Premiums must be paid beginning with the first month following the month in which coverage is approved."* Ms. Fullerton opened the meeting for public comment. Several presenters gave comments opposing the Board's approval of the policy change in this public notice. After discussion and comments by Board members and presenters, Mr. Eckberg MADE THE MOTION to CONTINUE public comment by the remaining registered presenters. Ms. Blevins SECONDED THE MOTION. No vote was taken. Additional public comment was then given by one presenter. After further discussion among the Board, Mr. Plowman MADE THE MOTION to APPROVE the Katie Beckett Premium Payments Public Notice as policy. Mr. Eckberg SECONDED THE MOTION. Ms. Fullerton called for votes; votes were taken. The Board APPROVED THE MOTION with one dissenting vote by Dr. Stephanie Kong. (The Katie Beckett Premium Payments Public Notice is attached hereto and made an official part of these Minutes as Attachment #4.)

Mr. Trail gave an overview of the Therapeutic Residential Intervention Services Public Notice for Board approval as policy. The Department is proposing to convert to a Level of Care System ("LCS") for Therapeutic Residential Intervention Services ("TRIS"). The purpose of the proposed change is to support placement services based on a child's need. Dr. Rossiter MADE THE MOTION to APPROVE the Therapeutic Residential Intervention Services Public Notice as policy. Mr. Eckberg SECONDED THE MOTION. Commissioner Burgess called for votes; votes were taken. The Board UNANIMOUSLY APPROVED THE MOTION. (The Therapeutic Residential Intervention Services Payments Public Notice is attached hereto and made an official part of these Minutes as Attachment #5.)

Commissioner Burgess presented the Adult Dental Services and Pharmacy Services Public Notices for Board approval. The Department is proposing to eliminate coverage of Adult Dental Services as a part of the Medicaid benefit and change the reimbursement for Medicaid and PeachCare for Kids pharmacy services as follows: a.) Change the discount applied to the AWP from 10% to 12%; and, b.) reduce the dispensing fee paid to a pharmacist for generic products from \$5.13 to \$4.63, but pay a \$1.00 incentive payment for each written prescription converted from "Brand Medically Necessary" to a generic product. Mr. Plowman MADE THE MOTION to APPROVE the Adult Dental Services and Pharmacy Services Public Notices to be distributed for public comment at the March 10 DCH Board meeting. Mr. Eckberg SECONDED THE MOTION. Commissioner Burgess called for votes; votes were taken. The Board UNANIMOUSLY APPROVED THE MOTION. (The Adult Dental Services and Pharmacy Services Public Notices are attached hereto and made official parts of these Minutes as Attachments #6 and #7.)

There being no further business to be brought before the Board at the February 11 meeting Dr. Rossiter adjourned the meeting at 1:30 p.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2004.

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MRS. CAROL FULLERTON  
CHAIRMAN

ATTEST TO:

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FRANK ROSSITER, M.D.  
Secretary

Official Attachments:

- #1 – List of Attendees
- #2 – February 11 Agenda
- #3 - Governor’s FY05 Recommendations
- #4 - Katie Beckett Premium Payments  
Public Notice
- #5 - Therapeutic Residential Intervention  
Services Public Notice
- #6 - Adult Dental Services Public Notice
- #7 - Pharmacy Services Public Notice